

50X1-HUM

CLASSIFICATION C-O-N-F-I-D-E-N-T-I-A-L  
 CENTRAL INTELLIGENCE AGENCY  
 INFORMATION FROM  
 FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT 

CD NO. --

COUNTRY GDR

SUBJECT Economic - Government budget

DATE OF INFORMATION 1951-1954

HOW PUBLISHED Daily newspapers and periodicals

DATE DIST. 1 Nov. 1954

WHERE PUBLISHED Berlin

NO. OF PAGES 25

DATE PUBLISHED May 1951-18 Feb 1954

LANGUAGE German

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE As indicated

1951-1954 GDR BUDGETS, 1951-1952 BUDGET FULFILLMENT

[This report compares the GDR budgets from 1951 through 1954 and shows the fulfillment of the 1951 and 1952 budgets.]

Although each budget becomes retroactively effective as of 1 January of the year for which it is intended, the various budgets were actually passed on the following dates: 1951, 13 April 1951; 1952, 19 June 1952; 1953, 6 February 1953; 1953 revised, 8 October 1953; 1954, 18 February 1954.

In 1953 the GDR state budget was revised for the first time in the existence of the GDR. The official explanation was that the New Course, adopted by the GDR after the June 1953 uprisings, demanded a revised budget to supply better the funds for carrying out its aims. The ostensible aim of the New Course is improvement of the living conditions of the population as a whole by emphasizing the manufacture of consumer goods and deemphasizing the heavy industry production.

As used in this report, the term GDR state budget refers to the total budget of the entire GDR governmental machinery; the term budget of the republic refers to the budget of the central governmental machinery and does not include the separate budgets of the various Laender or Bezirke. Thus, the GDR state budget consists of the budget of the republic plus the budgets of the Laender or Bezirke.

Until 23 July 1952 the GDR, for administrative purposes, was divided into five Laender (administrative divisions). On that date an administrative reform bill was passed by the GDR government, changing the five Laender into 14 Bezirke, four of the Laender being replaced by three Bezirke each and one Land by two Bezirke. The geographic borders of the Bezirke which replaced each Land do not coincide exactly with the former borders of that Land.

- 1 -

CLASSIFICATION C-O-N-F-I-D-E-N-T-I-A-L

STATE	NAVY	NSRB	DISTRIBUTION									
ARMY	AIR	FBI										

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

A Kreis is the administrative subdivision of a Land or Bezirk; each Land or Bezirk has many Kreise. The Kreis budget figures are included in the Land or Bezirk budgets.

The budgets of the Laender represent the following approximate percentages of the total GDR state budgets for each of the following years: 1951, 17 percent; 1952, 15 percent; 1953, 18 percent; 1953 revised, 18 percent; 1954, 20 percent.

In the tables comparing the budgets for the various years, the 1953 and 1954 figures for the Laender, shown in brackets, were not given in the original budgets but were compiled for this report on the basis of the Bezirk figures given in the original.

The information given on the revised 1953 budget is all the information available on that budget. No breakdown of the revised figures for the individual Bezirke was found in the sources available.

There is a discrepancy between the figures given in the original 1952 state budget and the 1952 state budget figures given in the table showing fulfillment of that year's budget. The latter figures are mathematically correct, the former are not.

The figures for Greater Berlin (East), which appear for the first time in the GDR state budget for 1953, account for about 50 percent of the total increase over the 1952 state budget. It is possible of course, that the budget for Greater Berlin (East) was formerly part of the budget of the republic. Social insurance was made part of the GDR state budget in 1951.

All the figures given in the report are in Deutsche marks (East).

An attempt has been made in this report to give as much of a comparison for the various years as possible, even though the amount of information given for the budgets varied, precluding a comparison of every budget item. The general trend in the GDR budgets released seems to be to give less and less information. This trend was particularly noticeable from the 1950 budget to the 1951 budget.

Numbers in parentheses refer to appended sources.]

50X1-HUM

- 2 -

C-O-N-F-I-D-E-N-T-I-A-L

## GDR State Budgets (in million DM)

	<u>1951</u> (Source 1)	<u>1952</u> (Source 2)	<u>1953</u> (Source 3)	<u>1953 Revised</u> (Source 4)	<u>1954</u> (Source 5)
Receipts	25,751.4	31,795.1	34,698.5	33,901.1	35,696.1
Expenditures	25,488.0	31,736.6	34,688.5	33,888.1	35,681.3
Surplus for year	263.4	58.5	10.0	13.0	14.8
Surplus from previous year	466.1	696.2	912.2	1,010.7	1,031.4
Total surplus at end of fiscal year	729.5	754.7	922.2	1,023.7	1,046.2

## Budget of the Republic (in million DM)

	<u>1951</u> (Source 1)	<u>1952</u> (Source 2)	<u>1953</u> (Source 3)	<u>1953 Revised</u> (Source 4)	<u>1954</u> (Source 5)
Receipts	21,168.4	26,890.7	28,415.5	27,618.7	28,492.3
Expenditures	20,804.8	26,611.4	28,300.9	27,500.3	28,479.6
Surplus for year	363.6	279.3	114.6	118.4	12.7
Surplus from previous year	228.9	326.5	642.6	741.0	833.4
Total surplus at end of fiscal year	592.5	605.8	757.2	859.4	846.1

CONFIDENTIAL

- 3 -

CONFIDENTIAL

50X1-HUM

## LAENDER AND/OR BEZIRKE BUDGETS (IN MILLION DM)

LAND -- BEZIRK	1951 (SOURCE 1)			1952 (SOURCE 2)			1953* (SOURCE 3)			1954 (SOURCE 5)		
	RECEIPTS	EXPENDI- TURES	SURPLUS	RECEIPTS	EXPENDI- TURES	SURPLUS	RECEIPTS	EXPENDI- TURES	SURPLUS	RECEIPTS	EXPENDI- TURES	SURPLUS
SACHSEN	1,516.0	1,476.1	39.9	1,615.2	1,568.8	46.4	[1,588.4]	[1,542.8]	[45.6]	[1,861.9]	[1,807.7]	[54.2]
BEZIRK DRESDEN	--	--	--	--	--	--	614.6	596.8	17.8	673.7	654.0	19.7
BEZIRK LEIPZIG	--	--	--	--	--	--	419.0	407.0	12.0	539.1	523.5	15.6
BEZIRK CHEMNITZ [RENALED KARL-MARK- STADT IN 1953]	--	--	--	--	--	--	554.8	539.0	15.8	649.1	630.2	18.9
SACHSEN-ANHALT	1,084.4	1,050.9	33.5	1,195.9	1,161.9	34.0	[1,035.3]	[1,005.3]	[30.0]	[1,209.1]	[1,173.9]	[35.2]
BEZIRK MAGDEBURG	--	--	--	--	--	--	443.4	430.6	12.8	545.0	529.2	15.8
BEZIRK HALLE	--	--	--	--	--	--	591.9	574.7	17.2	664.1	644.7	19.4
THUERINGEN	758.6	737.1	21.5	863.7	839.5	24.2	[761.6]	[739.8]	[21.8]	[934.3]	[907.1]	[27.2]
BEZIRK ERFURT	--	--	--	--	--	--	382.8	371.8	11.0	445.6	432.6	13.0
BEZIRK GERA	--	--	--	--	--	--	226.0	219.5	6.5	290.2	281.7	8.5
BEZIRK SUHL	--	--	--	--	--	--	152.8	148.5	4.3	198.5	192.8	5.7

[ADJOINS PAGE 5 HERE.]

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

[ADJOINS PAGE 4 HERE.]

BRANDENBURG	771.3	749.5	21.8	896.8	872.2	24.6	[809.8]	[786.4]	[23.4]	[958.6]	[930.9]	[27.7]
BEZIRK POTSDAM	--	--	--	--	--	--	382.8	371.8	11.0	447.2	434.4	12.8
BEZIRK FRANKFURT/ODER	--	--	--	--	--	--	193.1	187.5	5.6	246.8	239.6	7.2
BEZIRK COTTBUS	--	--	--	--	--	--	233.9	227.1	6.8	264.6	256.9	7.7
MECKLENBURG	689.9	669.6	20.3	702.5	682.8	19.7	[775.0]	[752.8]	[22.2]	[993.9]	[965.1]	[28.8]
BEZIRK ROSTOCK	--	--	--	--	--	--	308.6	299.8	8.8	411.2	399.3	11.9
BEZIRK SCHWERIN	--	--	--	--	--	--	249.3	242.2	7.1	292.8	284.4	8.4
BEZIRK RERUBRANDENBURG	--	--	--	--	--	--	217.1	210.8	6.3	289.9	281.4	8.5
BERLIN	--	--	--	--	--	--	1,580.5	1,560.5	20.0	1,444.0	1,417.0	27.0

\*[THESE FIGURES ARE FOR THE ORIGINAL 1953 BUDGET. THE BREAKDOWN OF THE REVISED 1953 BUDGET FOR THE INDIVIDUAL BEZIRKE IS NOT AVAILABLE.]

50X1-HUM

## Financial Plan for the People-Owned Economy (in Million IM)

	<u>1951</u> (Source 1)	<u>1952</u> (Source 2)	<u>1953</u> (Source 3)	<u>1953 Revised</u> (Source 4)	<u>1954</u> (Source 5)
Payments to the public treasury [by the people-owned economy]	2,966.4	3,925.1	8,185.8	7,212.2	10,441.5
Payments to the director funds [by the people-owned economy]	271.1	351.2	392.8	363.2	595.9
Subsidies from the public treasury [to the people-owned economy]	2,385.5	4,019.5	5,091.7	5,839.4	5,759.4

## Social Insurance Budget (in Million IM)

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1953 Revised</u>	<u>1954</u>
Receipts	4,171.8	4,228.0	4,743.9	4,700.9	5,888.1
Expenditures	3,976.4	4,491.9	4,743.9	5,089.3	5,758.7
Reserves (which cannot be used for any purpose other than social insurance)	195.4	*	--	**	129.4

\* The budget of the republic will contribute 263.9 million IM to make up the deficit caused by the excess of expenditures over receipts. (2)

\*\* The revised 1953 budget provides for a state subsidy of 388.4 million IM to make up the deficit caused by the excess of expenditures over receipts. (4)

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

1951 and 1952 Budget Provisions for the Financing of Expenditures of Laender, Kreise, and Communities  
(Percentage of Total Taxes Collected in Each Land To Be Allocated to That Land)

<u>Land</u>	<u>1951</u> (Source 1)			<u>1952</u> (Source 2)		
	<u>Property and Trans- portation Taxes</u>	<u>Consumption Taxes</u>	<u>Budget Surtaxes</u>	<u>Property and Trans- portation Taxes</u>	<u>Consumption Taxes</u>	<u>Budget Surtaxes</u>
Sachsen	20	8.5	8.5	33.2	--	--
Sachsen-Anhalt	25	13.6	13.6	29.1	--	--
Thueringen	22	14.5	14.5	26.2	5.0	5.0
Brandenburg	30	20.0	20.0	50.0	10.4	10.4
Mecklenburg	30	20.0	20.0	50.0	12.4	12.4

CONFIDENTIAL

- 7 -

CONFIDENTIAL

50X1-HUM

1951 and 1952 Budget Provisions for Grants to Laender, Kreise, and Communities  
From the Budget of the Republic (Percentage of Total Taxes Collected in Each  
Land to Be Allocated to the Various Kreise in That Land)

<u>Land</u>	<u>1951</u> (Source 1)			<u>1952</u> (Source 2)		
	<u>Craft Taxes</u>	<u>Income Taxes</u>	<u>Wage Taxes</u>	<u>Craft Taxes</u>	<u>Income Taxes</u>	<u>Wage Taxes</u>
Sachsen	--	--	50	100	46.3	50
Sachsen-Anhalt	--	--	50	100	92.5	100
Thueringen	--	--	50	100	100	100
Brandenburg	--	--	50	100	100	100
Mecklenburg	--	--	50	100	100	100

Note: As of 1 January 1951, the business tax and the payroll tax are taxes of the republic and may no longer be levied by the communities. (1)

50X1-HUM



PROVISIONS FOR THE FINANCING OF EXPENDITURES OF BEZIRKE, KREISE, AND COMMUNITIES  
 UNDER THE 1953 BUDGET AND THE REVISED 1953 BUDGET  
 (PERCENTAGE OF TOTAL TAXES COLLECTED IN EACH BEZIRK TO BE ALLOCATED TO THAT BEZIRK)

BEZIRK	1953 BUDGET (Source 3)							REVISED 1953 BUDGET (Source 4)						
	INCOME TAXES	CRAFT TAXES	WAGE TAXES	PROPERTY TAXES	CORPORATION TAXES	TURNOVER TAXES	BUSINESS TAXES	INCOME TAXES	CRAFT TAXES	WAGE TAXES	PROPERTY TAXES	CORPORATION TAXES	TURNOVER TAXES	BUSINESS TAXES
ROSTOCK	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SCHWERIN	100	100	100	100	100	100	100	100	100	100	100	100	100	100
NEUBRANDENBURG	100	100	100	100	100	100	100	100	100	100	100	100	100	100
POTSDAM	100	100	100	100	100	90	100	100	100	100	100	100	100	100
FRANKFURT/ODER	100	100	100	100	100	100	100	100	100	100	100	100	100	100
COTTBUS	90	100	80	100	90	80	90	100	90	100	100	100	100	100
MAGDEBURG	90	90	50	100	40	50	50	90	100	55	100	60	100	100
HALLE	100	90	30	70	30	30	30	100	100	40	90	40	30	30
ERFURT	90	100	70	90	50	50	50	100	100	80	95	70	100	100
GERA	100	100	70	70	60	70	70	100	100	80	80	70	80	80
SUHL	90	100	60	70	70	60	60	100	100	75	85	90	80	80
DRESDEN	90	100	50	60	60	40	40	100	100	75	90	85	90	80
LEIPZIG	50	80	10	40	10	10	10	70	80	20	60	30	40	40
CHEMNITZ [KARL-MARK-STADT]	80	90	30	50	20	30	30	100	95	40	60	40	40	40

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

Under the 1953 budget, the following Bezirke will also receive the state grants listed below, in order to balance their budgets: (3)

<u>Bezirke</u>	<u>Amount of Grant</u> <u>(in million DM)</u>
Rostock	52.2
Schwerin	49.2
Neubrandenburg	57.2
Frankfurt/Oder	2.5

Under the revised 1953 budget, the following Bezirke will also receive the state grants listed below in order to balance their budgets: (4)

<u>Bezirke</u>	<u>Amount of Grant</u> <u>(in million DM)</u>
Rostock	64.0
Schwerin	65.7
Neubrandenburg	59.4
Frankfurt/Oder	10.6
Potsdam	23.0

- 10 -

C-O-N-F-I-D-E-N-T-I-A-L

1954 Budget Provisions for the Financing of Expenditures of Bezirke, Kreise, and Communities  
(Percentage of Total Taxes Collected in Each Bezirk to Be Allocated to That Bezirk)

(Source 5)

<u>Bezirke</u>	<u>Income and Corpo- ration Taxes of Private Industry</u>	<u>Craft Taxes</u>	<u>Wage Taxes</u>	<u>Property Taxes</u>	<u>Turnover Taxes of Private Industry</u>	<u>Business Taxes of Private Industry</u>	<u>Agriculture Taxes</u>
Rostock	100	100	100	100	100	100	100
Schwerin	100	100	100	100	100	100	100
Neubrandenburg	100	100	100	100	100	100	100
Potsdam	100	100	100	100	100	100	100
Frankfurt/Oder	100	100	100	100	100	100	100
Cottbus	100	100	100	100	100	100	100
Magdeburg	100	100	100	100	100	100	100
Halle	80	80	90	90	70	80	90
Erfurt	100	100	90	95	90	90	100
Gera	100	100	100	100	100	100	100
Suhl	100	100	100	100	100	100	100
Dresden	80	80	80	70	70	70	100
Leipzig	60	90	70	90	60	60	90
Chemnitz [Karl- Marx-Stadt]	60	80	75	70	70	50	60
Berlin [East]	80	100	70	100	80	85	50

CONFIDENTIAL

- 11 -

CONFIDENTIAL

50X1-HUM

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

Under the 1954 budget, the following Bezirke will also receive the state grants listed below, in order to balance their budgets:(5)

<u>Bezirke</u>	<u>Amount of Grant (in million DM)</u>
Rostock	133.4
Schwerin	100.5
Neubrandenburg	108.5
Potsdam	59.1
Frankfurt/Oder	48.8
Cottbus	11.9
Magdeburg	47.1
Gera	14.1
Suhl	5.2

- 12 -

C-O-N-F-I-D-E-N-T-I-A-L

## Provisions for Long-Term Credits Under the 1951-1954 Budgets (in million DM)

	<u>1951</u> (Source 1)	<u>1952</u> (Source 2)	<u>1953</u> (Source 3)	<u>1953 Revised</u> (Source 4)	<u>1954</u> (Source 5)
Total amount	490	445	416	707.2	873
Including:					
Construction work for new peasants	155	200	60*	--	--
Construction of private housing	96	--	--	--	--
Construction of trade-union and public housing	60	--	--	--	--
Private industry	80	--	--	--	--
Total amount to be financed from the following:					
State budget	100	100	--	--	--
Bank funds	120	94	--	--	--
Deposits with "capital-accumulation offices"	270	251	--	--	--

\*To be used for LPGs (Agricultural Production Cooperatives)

Note: The 1951 budget contains a provision to the effect that the Deutsche Notenbank (German Bank of Issue) must draw up a plan for short-term credits for each quarter of 1951 and submit the plans to the GDR Ministry of Finance for approval. The plans also require confirmation by the GDR government. (1) [No such provisions were contained in any of the subsequent budgets.]

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-LInvestments Under the 1951 Budget

1. In agreement with the [1951] Economic Plan, 3,814,000,000 DM have been authorized for investments during 1951. This amount will be obtained as follows (in million DM):

From the public treasury	2,221.3
From amortizations	521.5
From funds of licensees [possibly SAGs (Soviet corporations)]	712.3
Total	3,455.1
Greater Berlin [East] investments	358.9
Grand total	3,814.0

2. The authorized investors are required to furnish, or subcontract for, the construction projects provided for in the investment plan, and to decrease their production costs by 7 percent. The investment bank must retain the sums thus saved, which amount to 121 million DM.

3. Amortizations are to be used as follows: 65 percent for investments, 35 percent for general repairs. Three percent of the total amortization payments (to be taken only from that part earmarked for general repairs) may be used for small investments.

4. The necessary implementation regulations for the above are to be issued by the State Planning Commission, together with the GDR Ministry of Finance.(1)

Main Receipts of State Budget (1951 Budget Only)

Receipts of the public treasury from the people-owned economy are to be increased from 1,464,000,000 DM in 1950 to 2,966,400,000 DM in 1951. This is 12.97 percent of the entire state budget receipts, compared to 9.58 percent in 1950.

The percentage of total state budget revenues obtained from taxes will be reduced from 69.5 percent in 1950 to 66.1 percent in 1951.(1)

Main Expenditures of State Budget (1951 Budget Only)

1. Expenditures for expansion of the people-owned economy are to be increased from 1,212,000,000 DM in 1950 to 2,385,000,000 DM in 1951. The percentage of total state budget expenditures for this item is to be increased from 7.83 percent in 1950 to 10.5 percent in 1951.

2. Expenditures for agriculture and forestry are to be increased from 1,302,800,000 DM in 1950 to 1,630,600,000 DM in 1951, an increase of 25.2 percent.

- 14 -

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

3. Expenditures for cultural, social, and public health purposes are to be increased from 5,761,700,000 DM in 1950 to 7,416,100,000 DM in 1951, an increase of 28.5 percent. This item amounts to 32.9 percent of the total budget.

4. Youth and sports expenditures are to be increased from 307 million DM in 1950 to 524.2 million DM in 1951, an increase of 71 percent.

5. The 1951 state budget provides for 700 million DM for increasing the state material reserves and for financing projects outside the plan.

6. To cover losses from currency transactions and to repay 1946 loans by the Laender, 1,175,000,000 DM are appropriated.

7. Total expenditures of the ministries of Interior of the GDR and the various Laender are to be reduced 16 percent, compared to 1950. Their share of total expenditures under the state budget is to be decreased from 5.65 percent in 1950 to 3.26 percent in 1951.(1)

1951-1953 Budget Provisions for Savings and Reserves

## 1951 Budget

1. The GDR government has authority for the disposition of reserves provided for in the state budget.

2. Administrative costs of the GDR government are to be lowered 10-15 percent. The government must set a certain sum which each ministry is to save. These sums may not be used for expenditures outside the plan.

3. Other savings and excess revenues are to be used as follows:

a. To cover any shortage of receipts.

b. To cover expenditures for economic, cultural, and social projects not provided for in the plan.

4. Administrative costs for all agencies of the people-owned economy and social insurance are to be lowered in 1951, over and above the decrease in production costs approved in the 1951 budget. The savings thus achieved are to go to the public treasury.(1)

## 1952 Budget

1. At least 184 million DM are to be saved from the administrative expenditures provided for in the budget. These savings are to be obtained as follows:

a. GDR ministries and state secretariats and their subordinate offices -- 88 million DM.

b. Administrations of People-Owned Enterprises (VVBs) -- 80 million DM.

c. Land governments and their subordinate offices -- 16 million DM, to be subdivided as follows: Sachsen, 5 million DM; Sachsen-Anhalt, 3.5 million DM; Thuringen, 2.5 million DM; Brandenburg, 3 million DM; Mecklenburg, 2 million DM.

- 15 -

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

2. Strict economy measures are to be introduced in the people-owned enterprises.
3. Funds saved are to be turned over to the GDR Ministry of Finance or, in case of funds saved by Land ministries or lower offices, to the ministries of Finance of Land governments.
4. All excess receipts and genuine savings (plan item fulfilled by expenditure of less money than called for in plan) are to be used to cover expenditures for economic, cultural, and social projects not provided for in the plan.
5. The use to which budget reserves or excess receipts and genuine savings are put is decided by the GDR government, if the GDR state budget is involved, or by the appropriate governmental body, if Land, Kreis, or community budgets are involved.(2)

## 1953 Budget

1. Former controls and inspections are no longer adequate for an effective program of economy measures. More thorough auditing is required; this must be done at least once a year, in accordance with the principles contained in the 6 November 1952 Directive Concerning the Auditing of the Finances of the State Administrations and Agencies and the People-Owned Industry. In these audits, particular emphasis must be placed on ascertaining whether the operation was carried out under strict principles of economy, whether the fulfillment corresponded to the goals set in the budget, and whether all receipts provided for in the plan were actually realized.
2. Steps must be taken to assure increased control over the adherence to the required tables of organization.
3. All excess receipts and savings of budget funds brought about through the initiative and efforts of local offices may be used for additional projects furthering socialist development. Discretion as to the types of such projects rests with the local offices.
4. The GDR Ministry of Finance is in charge of recording and checking the approved plans, the wage and salary funds, and the funds for administrative expenditures in state administrations and administrations of people-owned enterprises.(3)

1954 Budget Provisions Not Included in Tables

[If previous budgets contain similar provisions, such provisions are added in brackets.]

1. All revenue from turnover taxes, corporation taxes, and business taxes of the people-owned economy is to go to those state organs in whose budgets the corresponding financial plans are included.(5) [The 1952 and 1953 budgets contained identical provisions.(2,3)]

- 16 -

C-O-N-F-I-D-E-N-T-I-A-L



50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

2. The Bezirke are to receive 100 percent of the MIS incomes arising from rentals and services performed.(5) [Under the 1953 budget, only 50 percent of such incomes is to go to the Bezirke.(3)]

3. Local state organs are to receive 25 percent of the net income exceeding the 1953 yield of the local people-owned economy for their own disposal, in order to finance construction projects and city beautification projects which are not included in the plan.

4. To finance Kreis expenditures not covered by Kreis receipts, the Bezirke are to allocate to the Kreise shares of the property and transportation taxes, in addition to the turnover, corporation, and business taxes under paragraph 1 above. Each Kreis is to receive an allocation proportionate to the tax yield in that Kreis.

5. Lowering of administrative costs:

a. The GDR government, through simplification of operating procedures of the central government apparatus, must lower administrative costs by 5 percent over 1953.

b. Councils of local organs must save 5 percent of the administrative costs authorized for 1954. The sums thus saved may be used for construction projects and commercial installations not provided for under the plan.

6. A fund for the payment of bonuses is to be set aside. This fund is to be made up of 1.5 percent of the gross wage and salary fund under the plan.(5) [The 1953 budget has an identical provision.(3) Under the 1952 budget, 2.5 percent instead of 1.5 percent of the gross wage fund is to be set aside for the bonus fund.(2)]

Provisions for Drawing up Budgets by Land and Kreis Assemblies

## 1951 and 1952 Budgets

The Land assemblies (Landtage) may draw up their own budgets and confirm the budgets of the various Kreise and communities under their jurisdiction (1,2)

## 1953 Budget

The Bezirk Councils (Bezirksraete) may draw up their own budgets and confirm the budgets of the various Kreise and communities under their jurisdiction.(3)

[No such provisions are given in the 1954 budget.]

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-LProvisions for Reporting on Budget Fulfillment

1951, 1952, and 1953 Budgets

1. The GDR Ministry of Finance is to issue directives concerning regular reporting on the fulfillment of the budgets of the republic, the Laender or Bezirke, and the Kreise, and directives concerning the accountability of all budget organizations.
2. The responsible ministries and state secretariats must submit to the GDR Council of Ministers for approval the quarterly and yearly figures of that part of the people-owned economy which is under the administration of the GDR government. Similar steps are to be taken by the Laender or Bezirke, Kreise, and communities.
3. Failure to report quarterly or yearly fulfillment figures on time will give the GDR Ministry of Finance or the responsible finance department of the Land or Bezirk, Kreis, or Community Council the authority to withhold further appropriations.
4. Regular reports must be made on the implementation of the budget at the public assemblies, for the purpose of accounting. (1,2,3,)

[No such provisions are given in the 1954 budget.]

Provisions Fixing Responsibilities Under the Budgets

1951, 1952, and 1953 Budgets

1. The GDR government, Land governments or Bezirk councils, and councils of Kreise and communities are responsible for ascertaining the following:
  - a. That all revenues come in completely and on time.
  - b. That all measures provided for under the budget are financed.
  - c. That all taxes and profits from the people-owned enterprises under them are sent to the responsible finance office at the appointed time.
  - d. That budget funds are used economically and for the purposes for which they were intended.
  - e. That all possible steps are taken to ensure lowering of administrative costs.
2. Every minister and state secretary and the chairman of each Kreis, city, and community council are responsible within their domains for carrying out the above measures, and for seeing that there is regular control of the people-owned economy under their jurisdiction and that the clearing system and accounting are handled according to regulations. (1,2,3)

[No such provisions are given in the 1954 budget.]

- 18 -

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-LProvisions on Budget Control

1951, 1952, and 1953 Budgets

1. The Minister of Finance is charged with the control of the budget appropriations of the republic, the Laender or Bezirke, the Kreise, and the communities. He must see that such appropriations are used economically and for the purposes for which intended.
2. The heads of the finance departments of the Land governments or Bezirk councils have similar duties with regard to the budgets of the Kreise and communities.
3. The GDR Ministry of Finance and the finance departments of the Laender or Bezirke and Kreise are authorized to call in unpaid consultants to check the accounting and clearing methods used in the computation of taxes and contributions to the social insurance program.(1,2,3)

[No such provisions are given in the 1954 budget.]

The 1951 Budget and Its Fulfillment  
(Source 2)

	<u>Plan</u> (in million DM)	<u>Fulfillment</u> (in million DM)	<u>Fulfillment (%)</u>
Receipts	25,751.4	26,503.4	102.9
Expenditures	25,488.0	26,268.4	103.1
Net surplus of receipts over expenditures:		235.0 million DM	
Surplus carried forward from 1950:		461.2 million DM	
Total surplus on 31 December 1951:		696.2 million DM	

Miscellaneous Figures on 1951 Budget Fulfillment

1. Payments of the people-owned economy to the public treasury increased 42.7 percent over 1950.
2. Receipts from the people-owned economy in 1951 totaled 13 percent of the entire GDR state budget receipts, compared to 9.48 percent in 1950.
3. Payments from the public treasury to the people-owned economy in 1951 totaled 3,272,000,000 DM, or 14.1 percent of the total expenditures of the GDR state budget. This was 344 million DM more than provided for under the plan.
4. Payments of taxes by the total GDR economy were 4.3 percent higher than provided for in the budget. The percentage of total revenue under the GDR state budget made up of taxes was reduced from 69.5 percent in 1950 to 65.8 percent in 1951.

- 19 -

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

5. Receipts of wage taxes exceeded the plan by 3.5 percent, even though the 24 May 1951 Decree on the Reform of Wage Taxes brought about a decrease in the monthly wage tax receipts.

6. For each 100 DM invested by private enterprise in 1951, profits of 33 DM were realized. Income and property taxes on this amount totaled 18.70 DM, leaving a net profit of 14.30 DM for each 100 DM invested.

7. The GDR Ministry of Finance and the subordinate finance offices did not give sufficient attention to the collection of taxes and other revenues, with the result that the amount of back taxes due the GDR government increased by 196 million DM during 1951.

[The following criticisms were made of underfulfillments of budget plans during 1951:]

8. Only 98.4 percent of the funds provided for in the budget for labor and social affairs and for public health was actually used in 1951, and only 97.5 percent of the funds provided for in the budget for the fields of public education, science, and culture.

9. Only 59.1 percent of the funds provided for in the budget for the training of teachers, educators, etc. was utilized, and only 86.1 percent of the funds earmarked for technical schools.

10. Only 32.8 percent of the funds set aside for the Ministry of Labor for training purposes was used.

11. The social insurance program neglected the giving of health cures by using only 77.5 percent of the funds allocated to it in the budget for that purpose.

12. Only 67 percent of the funds provided for in the budget for medical care and outings for children in kindergartens and children's homes was utilized, and only 86.3 percent of the funds for tuberculosis hospitals, 88.3 percent of the funds for combating tuberculosis, and 91.5 percent of the funds for sanatoriums were used.

13. Only 68.3 percent of the funds allocated for the installation of equipment increasing the safety and protection of the workers and for technical supervision was used.

14. Of 7,940,000,000 DM appropriated for cultural and social purposes, public health, and the advancement of young people and the sports movement, only 7,738,000,000 DM were actually spent for these purposes.

At the end of 1951, all the communities in the GDR together showed a surplus 36 million DM higher than provided for in the plan and all the Kreise together showed a surplus 80.8 million DM higher than planned, totaling a surplus in excess of plan amounting to 116.8 million DM. Part of this surplus, however, was brought about by the fact that 67 million DM less than planned were spent by the Kreise and communities for projects in the fields of public health, education, and culture. Two reasons given for this fact are that the Kreise and communities frequently did not receive state grants until the fourth quarter of 1951, making it impossible to start all the planned projects on time; and that many of the communities received their plans or approval for their plans too late to complete them in 1951.(2)

- 20 -

C-O-N-F-I-D-E-N-T-I-A-L

The 1952 Budget and Its Fulfillment (in million DM)  
(Source 4)

Area Covered	Receipts			Expenditures		
	Planned	Actual	Fulfillment (%)	Planned	Actual	Fulfillment (%)
GDR state budget	31,795.1	31,525.6	99.2	31,736.6	31,261.4	98.5
Republic budget:	26,890.7	26,541.1	98.7	26,611.4	26,126.7	98.2
Laender budgets						
Sachsen (total)	[1,461.2]	[1,555.9]	--	[1,568.8]	[1,650.5]	--
Land	408.8	386.4	94.5	475.0	452.5	95.3
Kreise and communities	1,052.4	1,169.5	111.1	1,093.8	1,198.0	109.5
Sachsen-Anhalt (total)	[1,133.4]	[1,088.3]	--	[1,161.9]	[1,098.2]	--
Land	315.0	305.8	97.1	331.7	320.6	96.7
Kreise and communities	818.4	782.5	95.6	830.2	777.6	93.7
Thuringen (total)	[820.4]	[837.6]	--	[839.5]	[840.0]	--
Land	232.6	214.5	92.2	247.1	229.7	93.0
Kreise and communities	587.8	623.1	106.0	592.4	610.3	103.0
Brandenburg (total)	[844.6]	[809.2]	--	[872.2]	[824.3]	--
Land	302.9	246.4	81.3	320.1	265.8	83.0
Kreise and communities	541.7	562.8	103.9	552.1	558.5	101.2
Mecklenburg (total)	[644.8]	[693.5]	--	[682.8]	[721.7]	--
Land	201.3	201.0	99.9	228.3	221.4	96.9
Kreise and communities	443.5	492.5	111.0	454.5	500.3	110.1

50X1-HUM

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

Surplus of receipts over expenditures as of 31 December 1952 (including the 696.2 million DM surplus from 31 December 1951) is as follows: (4)

<u>Area Covered</u>	<u>Surplus</u> <u>(In million DM)</u>	
Republic budget		741.0
Sachsen		
Land		
Bezirk Dresden	7.8	
Bezirk Leipzig	4.8	
Bezirk Chemnitz [Karl-Marx-Stadt]	1.7	14.3
Kreise and communities		
Bezirk Dresden	20.7	
Bezirk Leipzig	12.3	
Bezirk Chemnitz [Karl-Marx-Stadt]	12.6	45.6
Sachsen-Anhalt		
Land		
Bezirk Magdeburg	4.2	
Bezirk Halle	7.6	11.8
Kreise and communities		
Bezirk Magdeburg	16.7	
Bezirk Halle	21.3	38.0
Thueringen		
Land		
Bezirk Erfurt	4.5	
Bezirk Gera	0.2	
Bezirk Suhl	1.9	6.6
Kreise and communities		
Bezirk Erfurt	15.0	
Bezirk Gera	9.0	
Bezirk Suhl	8.5	32.5

- 22 -

C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

<u>Area Covered</u>	<u>Surplus</u> <u>(In million DM)</u>	
Brandenburg		
Land		
Bezirk Potsdam	1.6	
Bezirk Frankfurt/Oder	2.2	
Bezirk Cottbus	3.5	7.3
Kreise and communities		
Bezirk Potsdam	7.5	
Bezirk Frankfurt/Oder	8.4	
Bezirk Cottbus	13.7	29.6
Mecklenburg		
Land		
Bezirk Rostock	2.8	
Bezirk Schwerin	7.4	
Bezirk Neubrandenburg	3.4	13.6
Kreise and communities		
Bezirk Rostock	9.4	
Bezirk Schwerin	5.5	
Bezirk Neubrandenburg	5.1	20.0
Total		960.3

- 23 -

C-O-N-F-I-D-E-N-T-I-A-L

Recapitulation of the Total 1952 Budget and Its Fulfillment  
(Source 4)

	<u>Plan</u> <u>(in million DM)</u>	<u>Fulfillment</u> <u>(in million DM)</u>	<u>Fulfillment (%)</u>
Receipts	31,795.1	31,525.6	99.2
Expenditures	31,736.6	31,261.4	98.5

Net surplus on 31 December 1952:

	<u>Planned</u>	<u>Actual</u>
Republic	605.8	741.0
Laender	47.9	53.6
Kreise and communities	101.0	165.7
Total	754.7	960.3

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM



50X1-HUM

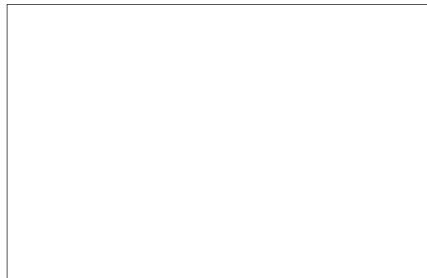
C-O-N-F-I-D-E-N-T-I-A-L



SOURCES

1. Berlin, Deutsche Finanzwirtschaft, No 9, May 51
2. Ibid., No 12, Jun 52
3. Berlin, Taegliche Rundschau, 6 Feb 53
4. Deutsche Finanzwirtschaft, No 21, 1953
5. Taegliche Rundschau, 18 Feb 54

- E N D -



50X1-HUM

- 25 -

C-O-N-F-I-D-E-N-T-I-A-L